



July 6, 2006

Mr. Richard F. Timmons
President
American Short Line and
Regional Railroad Association
50 F Street, N.W., Suite 7020
Washington, DC 20001

Dear Mr. Timmons:

Please refer to your letter of June 30, 2006 concerning a request from the Surface Transportation Board for information concerning railroad preparations for the remainder of the 2006 shipping season.

For the past three years Florida East Coast Railway (FECR) has been actively involved in creating efficiencies, adding capacity, and improving customer service. In 2005 we absorbed a volume increase of 12.3% over 2004. Year to date in 2006 our volume is up another 7.2 % over 2005.

In preparation for forecasted volume increases, we have made the following changes:

1. Added terminal capacity at our intermodal facilities in Jacksonville, Ft Pierce and Miami
2. Increased our locomotive fleet by 10 %
3. We continue to hire and train T&E employees
4. Constructed a new satellite yard in Miami to better serve our aggregate customers and keep 800-1000 cars a day out of Hialeah Yard
5. Constructing 6 miles of double track in a critical section of our main line
6. Reduced free time for containers, chassis and trailers at our intermodal facilities
7. Added GPS to our locomotive fleet
8. Improved turn times on our aggregate fleet
9. Our average train speed is an industry high of 33 MPH
10. Slow orders are limited to work in progress only
11. 90% of our bad order cars are repaired in 24 hours
12. Our dwell time in terminals has improved to 6.9 hours

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Our Performance goals for the remainder of the year will not change. We intend to provide good service, control our expenses, spend our capital dollars wisely, maximize asset utilization and perform our jobs in a safe manner.

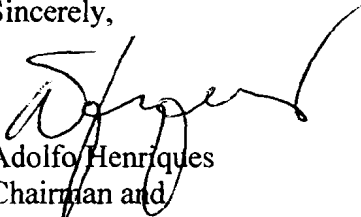
FECR interchanges with both CSX and NS at Jacksonville. It will be important that these carriers accept and deliver interchange traffic in a timely manner.

Our Operating and Sales & Marketing groups will conduct "peak season" meetings with our interchange carriers and top customers to address additional needs for September through the end of the year. In addition, we will communicate our peak season operating service plan with our customers through personal letters, our web page and face-to-face meetings.

I am confident FECR management has done the proper planning and preparation to ensure timely communication with our customers and efficiently handle the expected increase in rail traffic demand for the remainder of the year.

Thank you for allowing FECR to share the steps we have undertaken to ensure our continued reputation for outstanding customer service.

Sincerely,



Adolfo Henriques
Chairman and
Chief Executive Officer